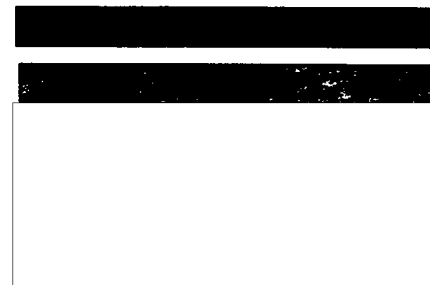




**Director of
Central
Intelligence**

~~**Top Secret**~~



National Intelligence Daily

**Friday
3 April 1987**



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~~**Top Secret**~~

CPAS NID 87-077JX

3 April 1987

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KUWAIT:**Looking for Alternatives to US Offer**

Kuwait apparently is reassessing the US offer to protect its oil tankers and is seeking alternatives to avoid increasing the visibility of its relationship with the US. [redacted]

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Kuwait would like the UK to play a role in protecting its shipping and probably would welcome an offer from London to provide a military escort, according to the US Embassy. Kuwait has asked to hire four British merchant ships but has not explicitly requested UK naval support. [redacted]

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The Kuwaitis have also decided to lease three tankers from the USSR, although they remain cautious about Soviet participation in protecting their tankers, according to the Embassy. Moscow told Kuwait that such an agreement would not require an increase in the number of Soviet naval ships in the Persian Gulf. [redacted]

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The smaller Gulf states support the US offer to protect Kuwaiti tankers. The US Embassy in Doha reports that other Gulf Cooperation Council states considered asking the US to protect their ships but decided that any association with US warships would only increase the threat to them. [redacted]

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Comment: Kuwait may wait to announce its decision on the US offer until after the departure today of the Soviet commercial delegation that has been visiting Kuwait. Kuwait apparently believes that recent press reports about its request for protection have increased the visibility of US-Kuwaiti ties to an unacceptable level. An agreement with the British would balance the agreement with the USSR without angering those in the Kuwaiti Government who oppose closer ties to the US. London would probably be reluctant, however, to participate in a naval escort. [redacted]

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Regardless of Kuwait's decision, the willingness of the US to help Kuwait has impressed the smaller Gulf states. They apparently believe US protection would be the best deterrent to Iranian attacks and probably hope a Kuwaiti-US agreement can be reached to prevent an increase in the Soviet presence in the region. [redacted]

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PORTUGAL:**Early Election in Prospect**

no

The minority Social Democratic government of conservative Prime Minister Cavaco Silva is likely to fall tonight on a motion of censure by former President Eanes's Democratic Renewal Party.

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If the government falls, the initiative will shift to President Soares, a Socialist, who must either appoint someone to form a new government or call an election.

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Comment: Democratic Renewal and the Communists clearly prefer formation of a new government to an election. Democratic Renewal's eroding public support, aggravated by voter resentment of its role in provoking the crisis, would probably mean the loss of a substantial number of seats in an election. The Communists' readiness to bring down the government reflects their hope of being included in a leftist alternative.

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Socialist leader Constancio had called for his party to abstain on the censure motion, but strong rank-and-file support for it prevailed. The Socialists are divided over whether to push for an early election or to try to govern with the support of Eanes's party. Constancio remains reluctant to support a coalition with Democratic Renewal because that party cut into Socialist support in the past and because Democratic Renewal would probably try to exploit any cooperation.

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Soares will be inclined to call an election because of his strong opposition to a government formed with Communist support and because an election might seriously hurt his longtime political enemy, Eanes. The Social Democrats are likely to emerge from the crisis as the only clear winners, capitalizing on their increased popularity.

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**USSR-
MOZAMBIQUE:**WW
G/S ✓**Exchange of Delegations**

In celebrating this week the 10th anniversary of the Soviet-Mozambican Treaty of Friendship and Cooperation, Moscow has shown concern about Maputo's economic and military weakness and its commitment to Marxist-Leninist doctrine. [redacted] CW

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Soviet Politburo candidate-member Nikolay Talyzin led a delegation to Maputo, while Mozambican Politburo member Jorge Rebelo headed a contingent to Moscow. The two countries signed an agreement on party links and a cultural and scientific protocol, according to press reports. The Soviets delivered \$30 million in consumer goods, and Talyzin passed a message from General Secretary Gorbachev to Mozambican President Chissano. [redacted]

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Although Soviet press coverage of the talks in Maputo mentioned a "friendly exchange of views," it did not refer to Mozambique's Marxist orientation. In a radio interview, Soviet Prime Minister Ryzhkov affirmed the Soviet commitment to Mozambique and other Frontline States but noted the existence of problems in bilateral cooperation. [redacted]

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Last month, a Soviet official in Maputo expressed pessimism about Mozambique's military and economic prospects and, in discussions with his US counterparts, emphasized that talks between the ruling FRELIMO party and the RENAMO insurgents could not be ruled out. [redacted]

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Comment: The Soviets have been uneasy for some time about Maputo's interest in developing ties to the West. The Soviet 10th-anniversary representation in Maputo was at a lower level than for past visits and, along with the uneven tone of Soviet press coverage, makes clear Moscow's doubt about Maputo's ideological commitment. [redacted]

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The mention of negotiations with RENAMO probably reflects Soviet concern with Maputo's military and economic weakness. Moscow would almost certainly oppose any power-sharing arrangement that would not ensure FRELIMO dominance and continued Soviet influence, but it is not prepared to raise its level of economic and military assistance enough to improve Mozambique's economic or military situation significantly. [redacted]

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Moscow meanwhile will rely on Mozambique's military dependence to ensure a continuing Soviet role in Mozambique. It will continue to use party-to-party links and stress FRELIMO's role to strengthen Mozambique's Marxist orientation. [redacted]

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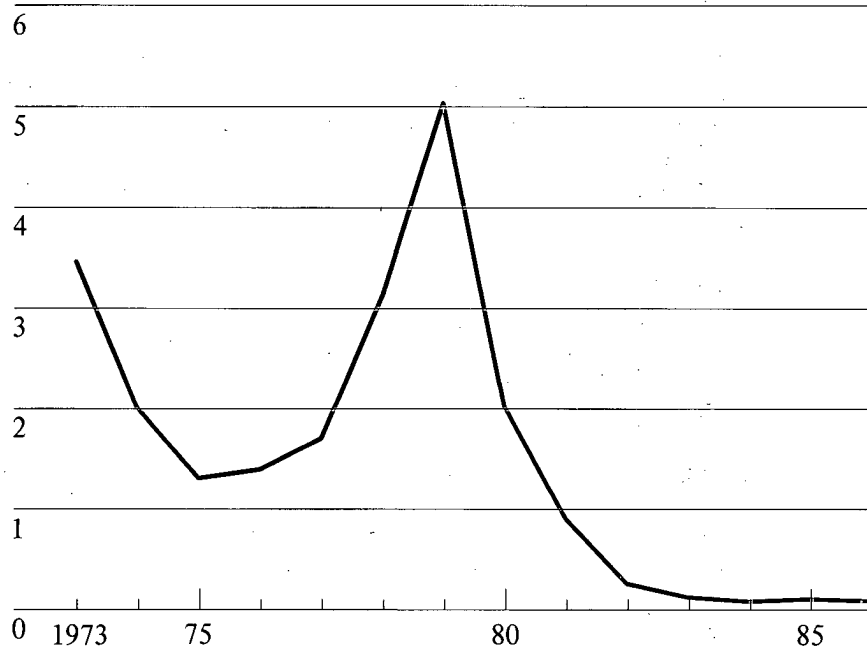
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USSR: Jewish Emigration, 1973-86

Ten thousand emigrants



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USSR:**Possible Changes in Policies Toward Jews**

While publicly equivocating, Moscow privately is holding out the prospect of increased Jewish emigration and better treatment of Jews remaining in the USSR to persuade Jewish leaders to press for better US-Soviet and Israeli-Soviet relations.

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After meetings last week in Moscow, ~~leaders of two US-based groups claim Soviet officials said~~ Moscow will permit thousands of refuseniks to fly directly to Israel—a move favored by Israel to stem the nearly 80-percent loss of immigrants in Europe—in return for relaxation of US trade restrictions on the USSR. The Soviets also hinted they may ease restrictions on the practice of Judaism.

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A Soviet Foreign Ministry spokesman, however, publicly played down the firmness of Soviet commitments and denied that a reciprocal Israeli visit would follow the planned late April visit of a Soviet consular delegation to Tel Aviv.

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Comment: In the past, Jewish leaders have reported Soviet concessions that did not materialize, and the Soviets are publicly waffling already. To avoid the appearance of bowing to Western pressure on human rights issues, the Kremlin will publicly play down contacts with Israel to avoid alienating Arab allies.

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Emigration is apparently increasing, however, and movement on this issue would be consistent with Gorbachev's efforts to be seen as a reformer seeking to liberalize the system and improve East-West relations. Gorbachev may believe that his initiatives on arms control and human rights have softened Western public opinion and that Jewish leaders can push for a loosening of US restrictions on trade.

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Gorbachev may be willing to tolerate a marginal increase in religious activities while coming down hard on underground groups. Soviet authorities are allowing more Jewish cultural works to appear—although anti-Semitic diatribes are still published—and there has been some improvement in professional opportunities.

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These modest steps, and a stepped-up propaganda campaign defaming life in the West, may reflect an effort to discourage a large increase in emigration applications. About 700 Jews emigrated this year—a small fraction of the rate in the late 1970s but a significant increase over 1986, when a total of 943 emigrated. Gorbachev intends a one-time review of cases involving longstanding refuseniks rather than an opening of the floodgates; a judgment reinforced by the continued arbitrary denial of some applicants purportedly for knowing "state secrets."

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NICARAGUA: Informal Rebel Talks Continue

Contra leaders have continued to meet informally since the suspension of negotiations last week, but progress on unifying the rebel factions remains elusive. Following a recent meeting in Honduras between Alfonso Robelo and Enrique Bermudez, commander of the Nicaraguan Democratic Force, Robelo indicated he would allow the FDN to play a dominant role in an expanded political organization, [redacted] Robelo said he was prepared to step down from the Directorate of a restructured Unified Nicaraguan Opposition because the rebel leadership needs to reach an agreement soon. Meanwhile, [redacted] Southern Opposition Bloc leader Alfredo Cesar will be more cooperative in the next round of negotiations because he is concerned that the Socialist International is no longer considering financial and public support for the Bloc.

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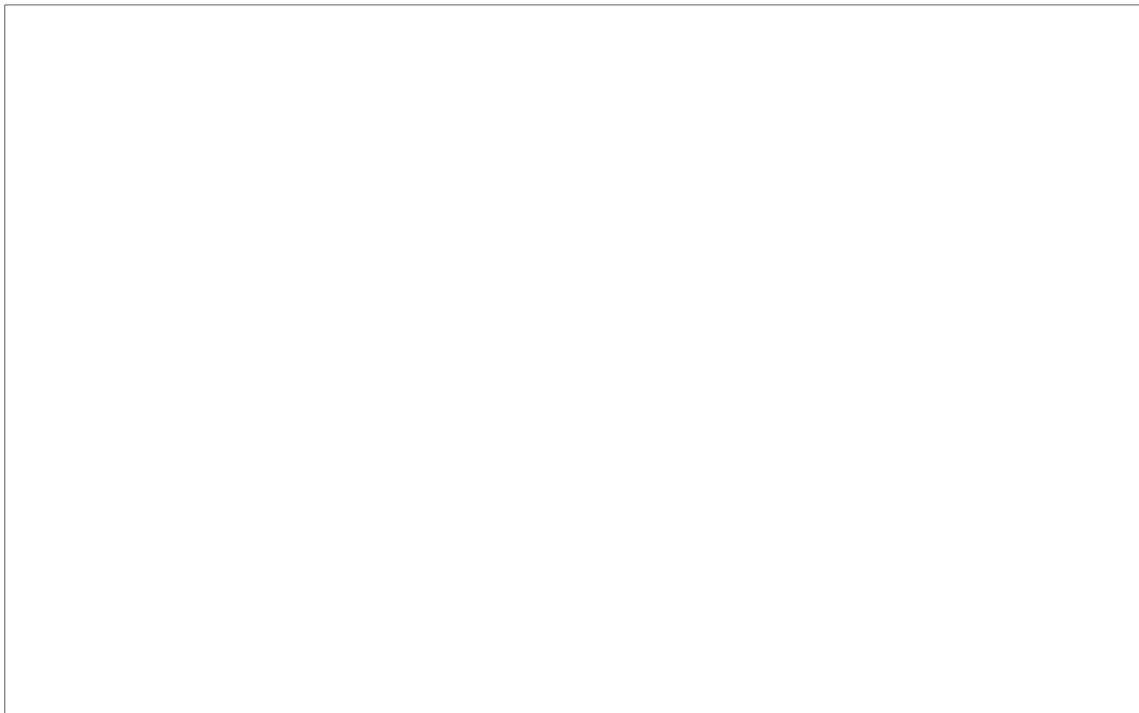
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Comment: By offering to step down, Robelo may be trying to revive the negotiations. He seems increasingly frustrated with the pace of the talks and concerned that any agreement reached will be short lived unless all the participants make concessions. Cesar probably will keep pressing to gain a position of strength in a restructured coalition. [redacted]

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ARAB STATES: Foreign Ministers Meeting

no

Arab League Foreign Ministers, after two delays, now plan to meet tomorrow in Tunis to discuss an agenda likely to include the UN initiative on the Iran-Iraq war, the EC proposal for a Middle East peace conference, Arab-African cooperation, and resumption of the European-Arab dialogue. The US Embassy in Tunis reports there is likely to be heightened criticism of the US-Israeli special relationship in light of League Secretary General Klibi's recent comments about the dangers that both this relationship and the Pollard affair pose to Arab interests. [redacted]

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Comment: There will be the usual criticism of US Middle East policies with or without a review of the Pollard issue. Moderate Arabs probably will gain League support for a UN initiative to end the Persian Gulf war but not specific UN sanctions as a means to a cease-fire. A resolution backing the EC's proposal for an international peace conference is likely, although the EC's apparent refusal to remove sanctions imposed last year against Syria over terrorism will prevent movement on the Euro-Arab dialogue. Libya will try to lay the groundwork for a joint Arab League-OAU meeting planned this month in Burkina, where Tripoli probably will press for condemnations of French and US support to Chad. [redacted]

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LIBYA: Petroleum Exports Down

no

Libyan petroleum exports in February and March fell to around 800,000 b/d, about 20 percent below the January level, [redacted]

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[redacted] Tripoli also has cut back heavily on the oil the Soviets use primarily for reexport. [redacted]

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Comment: Oil prices have firmed in recent weeks—substantially narrowing the disparity between prices for crude and refined products—and this should allow Libya to boost exports to Europe in the second quarter. In addition, demand for Libya's lighter crudes, which yield a higher proportion of gasoline, increases with the arrival of the summer driving season. The importance of the Libyan-Soviet oil-for-arms arrangement to both countries—especially in view of Libya's severe equipment losses in Chad—should facilitate resolving the current dispute. [redacted]

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YUGOSLAVIA: Debt Rescheduling Agreement

no

Western governments on ^{31 March} ~~Tuesday~~ approved in principle the second phase of Yugoslavia's current rescheduling agreement, although formal approval awaits a forthcoming IMF assessment of Yugoslav economic policies. The accord reschedules \$475 million in official debt, falling due between next month and March 1988, and clears the way for banks to activate the second stage of a multiyear refinancing agreement later this month. The Yugoslav media have portrayed the agreement after lengthy and heated talks as a victory.

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Comment: The accord strikes a compromise between Belgrade's demands for an automatic, unconditional refinancing and some governments' insistence on more explicit policy and performance guidelines. Creditors, who previously favored a tougher stand, probably were influenced by recent labor unrest and wished to minimize any threats to Yugoslavia's stability. Belgrade's victory may be short lived; a negative IMF evaluation could set up another confrontation as early as next month. Moreover, liquidity problems not addressed by the current agreement will probably force Belgrade into another grueling round of negotiations later this year.

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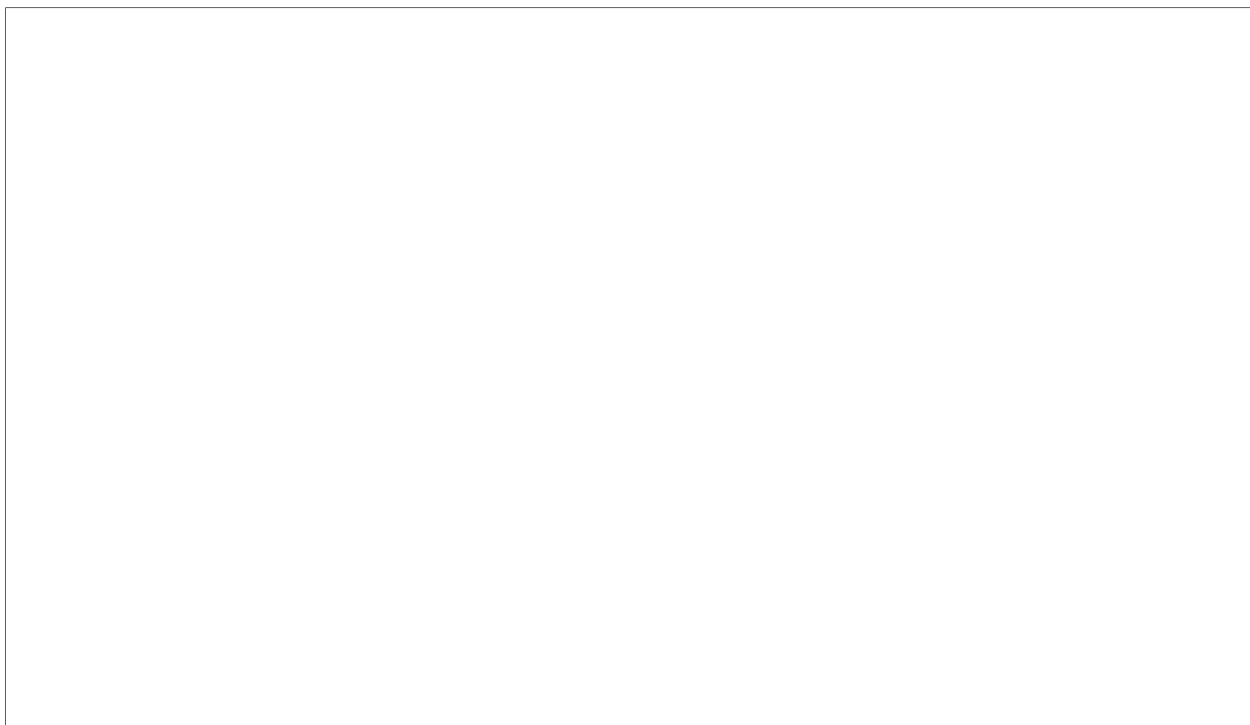
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**ANGOLA: Diplomatic Activity***ho*

Angola is trying to induce the US to resume bilateral talks and to gain the reopening of the Benguela railroad but without concessions by Luanda on such key issues as a withdrawal of Cuban troops or recognition of UNITA. Angolan officials have indicated over the past month they are ready to resume talks with the US that have been suspended for more than a year.

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Comment: Angola's efforts to secure external aid for the railroad indicate that Luanda wants to open the Benguela without talking to UNITA. Despite the government's apparent willingness to talk with the US, dos Santos—buoyed by increased confidence about the military situation—is likely to remain inflexible on key issues. Luanda probably believes it can avoid being viewed as obstructing attempts at a regional settlement and can undermine UNITA's campaign for Western support if it agrees to enter a dialogue with the US.

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AFGHANISTAN-USSR: Moscow Condemns Insurgents' Raid

no *on 2 April*
X
Western
 Pravda reported ~~yesterday~~ that insurgents in Afghanistan rocketed a town in the Soviet Tajik SSR early last month, killing one and wounding two. It claimed that the "bandits" had been surrounded immediately and had suffered dozens of casualties. The account accused insurgent leader Gulbuddin of trying at ~~US~~ *Western* behest to wreck Kabul's national reconciliation program and to prevent a political settlement at Geneva. ~~The US Embassy in Kabul reported in mid-March that insurgent leader Masood's forces had recently fired rockets into the USSR;~~

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West
Comment: The article apparently was intended to support recent Soviet propaganda blaming the ~~US~~ *West* and fundamentalist insurgent commanders such as Gulbuddin for not allowing Pakistan to conclude a political settlement. It may have also been designed to offset international criticism of recent air attacks inside Pakistan. It is unusual for Moscow to acknowledge the vulnerability of its southern border, but the account stressed that no insurgents entered the USSR and that retaliation was swift. Moscow nevertheless may be concerned that the growing effectiveness of Masood-led insurgent groups in northeastern Afghanistan might affect the attitudes in Soviet border areas.

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In Brief**East Asia***No G/S*

— US trade deficit with **Taiwan** \$2.3 billion first two months this year ... could reach \$20 billion by yearend if trend continues—up by more than one-third from 1986 ... trade talks starting this month not likely to bring improvement.

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Middle East*no*

— **USSR** Ground Forces chief arrived in **South Yemen** Wednesday ... most senior military visit since 1982 ... may discuss arms sales, South Yemeni security situation.

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Europe*no*

— **West German** Greens excluded from Bundestag intelligence oversight committee ... not likely to challenge decision in courts, similar appeal denied in 1983 ... in coming state elections, will accuse government of antidemocratic tactics.

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no

— **Sweden** banning arms sales to **Singapore** following reports manufacturer reexported arms to **Iran** ... shipments circumvented Swedish law forbidding arms sales to belligerents ... investigation may reveal Stockholm complicity in diversion.

X

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no

— **Albania, West Germany** to establish diplomatic relations, probably in next few months ... Bonn's representative at NATO says Tirane dropped demands for World War II reparations at recent talks ... Albanians continue to reduce isolation.

X

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Africa*G/S*

— **Zimbabwe** this week established diplomatic relations with **Afghanistan** ... reflects gradual warming toward **USSR** ... significant for Kabul because Prime Minister Mugabe chairs NAM, but few other countries likely to follow suit.

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Jordan



**Zayd Al-Rifai
Prime Minister**

Age 50 . . . Prime Minister (for second time), Minister of Defense since April 1985 . . . longtime friend, political confidant of King Hussein . . . has significantly influenced Hussein's policies on Syria, the West Bank, PLO . . . previously Ambassador to UK, Chief of Royal Court . . . politically astute, confident, aggressive . . . understands US political system, has numerous contacts among US officials, prominent businessmen . . . studied at Columbia and under Henry Kissinger at Harvard.

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Special Analysis**JORDAN-US:****Prime Minister Rifai's Visit***no*

During his visit to the US next week, Prime Minister Rifai is likely to focus on King Hussein's continuing efforts to find a framework for an international peace conference on the Middle East. Rifai's visit—in Hussein's place—is intended to signal the latter's displeasure with US policy in the region, including arms sales to Iran, and to make clear to US officials that a future visit by the King will depend upon US flexibility on regional issues. Rifai would like to return to Jordan with a foreign policy success—which he needs for domestic political reasons—but his hopes for quick progress toward an international conference are almost certainly unrealistic.

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Rifai is not expected to bring new formulas on the peace process despite Hussein's recent discussions with Egypt's President Mubarak, who had met with Israeli Foreign Minister Peres. He is more likely to seek clarification of the US position on Soviet and Palestinian participation at an international conference and on related issues.

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Jordan has hosted several Soviet delegations to discuss the matter, and, according to the US Embassy in Amman, Moscow appears to accept Israel's demand that an international conference include bilateral negotiations in some form. The Jordanians probably hope that recent Soviet overtures to Israel will ease Israeli objections to Soviet participation.

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Strategy Toward the Palestinians

The US Embassy says Hussein plans to intensify his search for an independent West Bank leadership that would be willing to join in peace talks, despite public assurances that Jordan will not enter into negotiations without PLO representation.

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To help Amman develop the leverage it seeks on the West Bank, Rifai probably will ask the US to increase its \$17 million commitment to Jordan's West Bank development plan for this year and to encourage Israel to follow through on its proposed programs to improve the quality of life in the West Bank. The King's ability to buy West Bank support through his costly and ambitious plan is diminishing,

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however, because of Palestinian frustration over Jordanian delays in handing out promised funds and a growing cynicism over prospects for future international aid. Even longtime West Bank supporters of Hussein, such as Bethlehem's mayor, Elias Freij, have expressed anger over Jordan's bureaucratic mishandling of the development plan. [REDACTED]

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Bilateral Issues

Despite bitterness about US arms sales to Iran, Hussein wants to preserve his military and political relationship with the US. Rifai is unlikely to raise the issue of US arms for Jordan directly but probably will talk about US-Jordanian regional security concerns, particularly the Iran-Iraq war. He may express concern about US Congressional action on the administration's request for security assistance for Jordan in 1988. [REDACTED]

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Special Analysis**USSR-
CZECHOSLOVAKIA:**G/S ✓
WW
EOW**Visit by Gorbachev**

General Secretary Gorbachev will probably use his coming visit to Prague to publicize his peace initiatives, to press the Czechoslovaks on trade and economic cooperation, and perhaps to discuss his reform programs in the USSR. His visit may increase tensions within Prague's leadership, which is already divided over the need for reform in Czechoslovakia.

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Gorbachev probably sees Czechoslovakia as another forum for restating his INF proposal position. The Soviets have based an SS-12 missile brigade in the country since 1982. Rumors in Moscow suggest that Gorbachev will announce the withdrawal of some Soviet units from Czechoslovakia in an effort to put pressure on the West in conventional arms control negotiations.

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In keeping with his goal of obtaining East European help to revitalize the Soviet economy, Gorbachev will also stress the need for increased deliveries of better quality Czechoslovak-manufactured goods, closer integration of CEMA, and faster development of science and technology throughout Eastern Europe.

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Gorbachev may want to discuss his reforms with the Czechoslovak Presidium, but he probably will not push the Czechoslovaks to implement major internal economic or political changes. The absence of Soviet complaints about the Czechoslovak economy implies that Moscow thinks it is performing relatively well. Moscow is wary of pushing for political changes that might lead to instability.

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Czechoslovak leader Husak tried to sweeten the atmosphere for Gorbachev's visit at a plenum of the Czechoslovak party's Central Committee last month by indicating his receptivity to Gorbachev-style innovations. He endorsed limited economic changes and declared the party's willingness to discuss steps toward party democracy. The regime has postponed the trials of dissidents, possibly to avoid embarrassing Gorbachev, who recently signaled a more lenient approach to dissent.

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Czechoslovak Divisions

Despite Husak's conciliatory gestures, Gorbachev will find the Czechoslovak leadership divided over the wisdom of his reform ideas and their applicability to Czechoslovak conditions. Pragmatists led by Premier Strougal and party economics secretary Jakes are pitted against antireform hardliners led by party ideologue Bilak, occasionally in public clashes.

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The pragmatists, emboldened by Gorbachev's example, seem to be on the offensive and are pressing for economic reform. The hardliners, fearing a loss of power and political instability, have tried to equate reform with counterrevolution.

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The anticipation created by Gorbachev's initiatives has prompted rumors that Jakes will replace Husak as party leader shortly before Gorbachev's visit. There have been similar rumors before, however. Husak appears to be firmly in control, especially since the plenum reaffirmed him as party leader.

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Outlook

Gorbachev's reforms have sparked increased interest in politics among some elements of Czechoslovak society, but it is unlikely that he will evoke a public display of enthusiasm. Although Gorbachev's own program in the USSR gives an implicit endorsement of reform in Czechoslovakia, he probably wants to avoid giving the impression of actively interfering in Czechoslovak affairs.

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The pragmatists in the Czechoslovak Presidium will probably look for a signal of support from Gorbachev, however. They might claim his favor even if he gives them no obvious sign. Indeed, unless he does something to dampen their hopes, the chances are good that his visit will cause further clashes within the Czechoslovak leadership.

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